

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113
Sacramento, CA

Minutes of Meeting

July 28, 2005

COMMISSIONERS PRESENT

Nancy E. McFadden, Chair
Marco Firebaugh
Diane M. Griffiths
Vicki Marti

CMAC STAFF PRESENT

J. Keith Berger, Executive Director
Enid Barnes
Theresa Bueno
Paul Cerles
Denise DeTrano
Holland Golec
Steve Soto
Michael Tagupa
Mervin Tamai
Carol Tate
Karen Thalhammer

COMMISSIONERS ABSENT

Teresa P. Hughes
Lynn Schenk
Cathie Bennett Warner

EX-OFFICIO MEMBERS PRESENT

Nathan Stanley, Department of Finance
Sunni Burns, Department of Health Services

I. Call to Order

The July 28, 2005 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Nancy E. McFadden. A quorum was present.

II. Approval of Minutes

The July 14, 2005 meeting minutes were approved as prepared by CMAC staff.

III. Executive Director's Report

Mr. Berger reported that there were no new requests from hospitals or health plans to appear before the Commission in closed session at this time.

Mr. Berger informed the Commission that there are presentations scheduled today during the open session on the new Medicare drug benefit and impact on Medi-Cal managed care plans and the Medi-Cal program.

Mr. Berger reminded the Commission that at the August 11 Commission meeting, representatives from the California Health Facilities Financing Authority and the Cal Mortgage program at the Office of Statewide Health Planning and Development will be present. They will provide the Commission with a general overview of these two sources for hospital loan and bond funding and address any questions from the Commission.

Mr. Berger informed the Commissioners that there are four amendments for action during today's closed session as well as some updates and strategic discussions on current negotiations.

Mr. Berger reported that there were no changes requested to the 2005 CMAC "Legislative Annual Report" draft that the Commissioners reviewed earlier this month. He requested that the report be approved so that staff could move forward with distribution. The Commissioners concurred with Mr. Berger's request.

Mr. Berger indicated that the State's current Selective Provider Contracting Program (SPCP) waiver expires July 31, 2005. He stated that DHS drafted a document that was distributed last week with details on hospital reimbursement issues that will need to be addressed under the new waiver.

Mr. Berger asked Sunni Burns to give the Commission an update on the current status of the hospital-financing waiver.

Ms. Burns stated that on July 15, 2005, DHS released the draft of more detailed reimbursement principles to legislative staff and the hospital association. On July 21, DHS walked through that document with the Disproportionate Share Hospital (DSH) task force. DHS continues their discussions with the Centers for Medicare & Medicaid Services (CMS) on the terms and conditions of the new waiver. DHS had hoped that the discussions would be finalized by Monday August 1. Currently the new target date is August 15.

IV. Medi-Cal Managed Care Activities

Mr. Berger indicated that there was nothing new to report at this time.

**V. Appearance by: Centers for Medicare & Medicaid Services (CMS) and
Department of Health Services – Medicare Drug Benefit**

Mr. Cerles, CMAC's Deputy Director, introduced three representatives that were present and prepared to present on the new Medicare Drug Benefit. He explained that Beverly Binkier, Health Insurance Specialist for CMS, would provide a federal overview of the Medicare Drug Benefit; Teri Miller, Senior Pharmaceutical Consultant of the Medi-Cal Policy Division for DHS, would discuss state implementation issues; and Willie Anderson, Chief of the COHS Managed Care Section for DHS, would describe the effects of the Medicare Drug Benefit on the Medi-Cal managed care plans and beneficiaries.

Ms. Binkier stated she has been with the Medi-Cal program for 15 years; she has worked at the county level and with DHS in the Medi-Cal eligibility branch prior to her work with CMS. Ms Binkier indicated that she is in tune with the issues of the sensitive populations as well as the state issues in trying to implement the new Medicare Prescription Drug Plan (PDP) program.

Ms Binkier took a moment to thank Teri Miller, Willie Anderson, and all state staff members that have worked with CMS on the PDP program for their commitment and effort throughout the past few months.

Ms. Binkier indicated that California has been pro-active in trying to assure that the transition of the dual eligibles into the new PDP program in January goes as smoothly as possible. Ms. Binkier gave the Commission a brief update on the program and highlighted some of the issues and characteristics of the new PDP program that will be in effect January 1, 2006.

Ms. Binkier provided the Commission with a handout that highlights the new PDP program. The handout provides several websites and phone numbers for those who would like more information or have questions about the program. This handout will be posted on the CMAC website and is also available upon request.

Teri Miller gave the Commission a brief overview of the implementation of the Medicare Modernization Act (MMA) for dual eligible beneficiaries. She indicated that this change is the most significant change in 40 years to the Medicare program. Ms. Miller focused on how the MMA and the Medicare Part D impacts the State of California. There are about 43 million Medicare beneficiaries in the nation and about 6.8 million of them qualify for both Medicare and Medicaid. Of those beneficiaries 1 million live in California.

Ms. Miller informed the Commission that the state has established an "MMA Implementation Team" comprised of representatives from DHS, Department of Developmental Services, Department of Mental Health, Department of Aging, Office of AIDS, and the Department of Rehabilitation. Within this team there are sub-committees

that will focus on the fiscal, drug benefit/formulary issues, IT/data issues, outreach for beneficiaries, and legislative/policy.

Ms. Miller indicated that they have scheduled mail outs to go to beneficiaries explaining the new Medicare Part D program. They have scheduled follow up letters in October and in December regarding the changes that will take place January 1, 2006.

Ms. Miller also provided a handout that outlines the implementation of the new Medicare Part D programs. This outline is available on CMAC's website or upon request.

Willie Anderson provided the Commission with a brief outline on the effect of the new Medicare Part D program on the Medi-Cal managed care, dual eligible population. Mr. Anderson indicated that there will be training sessions for beneficiaries to help them understand the new system affecting their drug coverage, that the new plan is not an option but required, and the possibility of a change in pharmacies and co-pays. Mr. Anderson outline is available on CMAC's website and upon request.

There were a number of questions asked by the Commissioners regarding the availability of pharmacies and pharmacists, availability of specific medically needed drugs, out of pocket cost, co-pays and assistance to the beneficiaries in regards to the new changes that will be taking place January 1.

The panel assured the Commissioners that these questions have been asked and that they have been working on training sessions for the plans, pharmacies, providers, beneficiaries, and for those that provide care to the dual eligibles. Ms. Miller stated that the team has been in constant communication with the plans and providers to ensure a smooth transition for everyone concerned.

VI. New Business/Public Comments/Adjournment

There being no further new business and no additional comments from the public, Chair Nancy McFadden recessed the open session. Chair McFadden opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair McFadden announced that the Commission had taken action on hospital contracts and amendments in closed session. The open session was then adjourned.